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Artificial Intelligence (AI) and Cloud Transformation Dominate IT Investment Priorities for 2024, According to the New Rackspace Technology Survey, in Association with VMware

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Businesses continue to grapple with IT recruitment and training challenges as they seek to keep up with accelerating technology advancements

SAN ANTONIO, Dec. 11, 2023 (GLOBE NEWSWIRE) -- New research by Rackspace Technology (NASDAQ: RXT), a leading end-to-end, hybrid multicloud technology solutions company, in association with VMware, finds that despite ongoing economic uncertainty, businesses are committed to prioritizing their IT investments in 2024, particularly in transformative technologies such as artificial intelligence (AI) and cloud transformation.

According to the **[2024 IT Outlook Report](#),** which surveyed 1,420 global IT professionals, 63% of organizations plan to re-calibrate their investments in 2024. Moreover, artificial intelligence dominates as the top priority, with 65% of respondents identifying pervasive artificial intelligence as the technology that will have the most significant positive impact on their organization over the next 12 months. The survey also underscores the continued adoption of the cloud. When asked about the makeup of their organization's IT infrastructure and how it will evolve over the next 12 months, edge computing, private cloud, and public cloud increased as a percentage of workloads, while data centers, colocation facilities, and mainframes declined.

"These results highlight a decisive shift in artificial intelligence from the technical curiosity and pilot programs in 2023 to accelerating business outcomes through the industrialization of Responsible AI solutions in 2024," said Srini Koushik, President of Technology and Sustainability at Rackspace Technology. "In the cloud arena, the increased focus on the edge and private cloud indicate that organizations are simultaneously migrating more of their critical workloads while adopting a more sophisticated workload-aware approach to their overall cloud infrastructure."

AI Evolution
As generative AI continues to mature and grow in importance, 33% of organizations say they have either completed prototypes and are taking projects into production or already have projects underway and plan to expand them, while another 66% of respondents are either currently ideating on the use of generative AI or plan to do so. Just 1% of respondents have no plans to use generative AI. Moreover, 67% of those surveyed say they will have generative AI either integrated into some processes or fully integrated into all processes in 12 months.

While many organizations are using AI primarily for "table stakes" tasks such as sentiment analysis and code development, the use cases where respondents see the greatest expected benefit include security (54%), new product development (50%), increased productivity (45%) and enhanced speed and efficiency in existing work processes (42%).

At the same time, organizations report challenges in implementing AI programs. 42% of survey participants acknowledge demonstrating the value of AI as a hurdle, while insufficient technological infrastructure support for AI was noted by 38%, followed by a shortage of skilled IT talent, at 32%. Organizations also continue to grapple with data governance policies and strategies in response to AI. Less than half (46%) of organizations have policies or strategies in place to address privacy concerns, and only 42% say they have addressed data bias.

"While some organizations have already implemented AI-powered solutions, many are still in the early stages, grappling with the considerations and challenges associated with AI adoption," added Koushik. "They are not just contemplating but actively addressing the issues associated with the widespread integration of AI into their business processes and operations, marking a crucial phase in their transformative journey."

Private Cloud, Edge Ascending
The survey highlights an ongoing evolution in companies' cloud strategies as workloads migrate away from within the organization's walls. When asked to compare their current infrastructure with their projected infrastructure composition over the next three years, private cloud rose by 4%, while public cloud saw a smaller increase, with concurrent decreases observed in workloads running on other servers, including mainframes and on-premises data centers. Edge computing is also becoming a priority, with 30% of organizations saying it will be part of their IT infrastructure makeup in 12 months, compared to 26% today. 75% of respondents say they are employing a hybrid cloud strategy today.

Survey participants identified resource shortages and security/compliance risks as their primary challenges in transitioning to the cloud, at 34%. This was followed by concerns such as cost overruns (33%), resistance to change (28%), inappropriate cloud provider selection (24%), and a lack of stakeholder buy-in (23%).

The Talent Search Dilemma
As companies prioritize AI and cloud, securing and retaining talent remains a challenge, with respondents identifying a shortage of skilled workers as their leading concern (69%). 47% of respondents also see paying more to fill critical roles, with the rapid pace of technology advancement cited as the leading cause for higher IT labor costs.

"The sustained pace and magnitude of technology advancements in AI, Cloud, Security, and other technologies demand an adaptable workforce that embraces lifelong learning," added Koushik. "This challenge underscores the need for a different workforce strategy that prioritizes adaptability, problem-solving, and continuous learning in addition to the latest technical skills to keep pace and drive innovation forward."

Click here to review the comprehensive 2024 IT Outlook Whitepaper and Infographic with the breakdown of survey findings.

Survey Methodology
The survey was conducted by Coleman Parkes in October and November 2023 and targeted 1,420 senior IT decision makers across multiple key sectors in the USA, LATAM, EMEA and APAC.

Coleman Parkes is a full-service B2B market research agency specializing in IT/technology studies, targeting senior decision makers in SMB to large and enterprises across multiple sectors globally.

About Rackspace Technology
Rackspace Technology is a leading end-to-end multicloud technology services company. We can design, build and operate our customers' cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products and adopt innovative technologies.

About VMware
VMware is a leading provider of multi-cloud services for all applications, enabling digital innovation with enterprise control. As a trusted foundation to accelerate innovation, VMware software gives businesses the flexibility and choice they need to build the future. Headquartered in Palo Alto, California, VMware is committed to building a better future through the company's 2030 Agenda. For more information, please visit www.vmware.com/company.

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